

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2200 - SB 3525

February 25, 2012

**SUMMARY OF BILL:** Requires all public institutions of higher education, participating in collegiate athletics as a member of the National Collegiate Athletic Association (NCAA) at the Division I level or participating at an equivalent level in an NCAA successor organization, to report to the state Treasurer the number of participating athletes the institution anticipates will graduate with a bachelor's degree in the next fiscal year. Requires institutions to make this report by March 1, 2013, and each year thereafter.

Requires all such public higher education institutions to remit to the Treasurer one percent of the gross revenue generated from ticket sales, merchandise, and broadcast license agreements by its athletic department during the immediately preceding calendar year. Directs the Treasurer to place the funds into a new account called the Student Athlete Trust Fund (SATF) and to invest the monies. Declares the purpose of this fund will be to provide a source of funding for one-time payments to student athletes who graduate from a Tennessee higher education institution. Requires the monies from the SATF to be separate from other monies, funds, and accounts and requires the balance of the SATF, including investment earnings, to be carried forward at the end of the fiscal year.

Requires the Treasurer to calculate the amount of one-time payments that will be made to student athletes who graduate from a public higher institution by May 15, 2013, and each year thereafter. Requires the Treasurer to publish the amount of one-time payments that will be made to student athletes on the Treasurer's website.

Requires payments in the amount previously calculated for one-time payments to student athletes to be made to each public higher education institution by June 30, 2013, and June 30 each year thereafter. The institution shall provide the one-time payment to the athlete who, through participation in intercollegiate athletics and while enrolled, fully exhausted his or her NCAA or successor organization participation eligibility, and who graduates within the fiscal year for which the payment was remitted. Prohibits payments from being made until the student has completed all graduation requirements.

Requires any unexpended money for one-time payments that has been given to a higher education institution to be added to the revenue forwarded to the Treasurer by the next March 1 that immediately succeeds the fiscal year in which the money was given to the institution.

Authorizes public higher education institutions not to participate if participation will cause the institution's athletic department to suffer an objectively measurable loss of revenue due to loss of membership in the NCAA or successor organization, or the loss of the ability to compete in collegiate athletics.

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Requires the Tennessee Higher Education Commission (THEC) to direct representatives of the University of Tennessee (UT) and Tennessee Board of Regents (TBR) to request waivers or rule changes from the NCAA or from any NCAA successor organization that would prohibit institutions from complying with the actions envisioned in the bill. Requires THEC to report to the General Assembly the NCAA's response as soon as practicable.

## **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – The increase in state expenditures will be dependent upon the number of student athletes eligible to receive a payment in FY12-13 and subsequent fiscal years. The number of these athletes is unknown; therefore, any increase in state expenditures to make payments is not quantifiable. The maximum amount that may be paid to student athletes in FY12-13 and subsequent fiscal years is \$724,900.**

### **Assumptions:**

- According to TBR, the total athletic revenue generated from ticket sales, merchandise, and broadcast licensing in FY10-11 was \$18,546,051.
- A total of one percent or \$185,461 (1% of \$18,546,051) will be remitted to the Treasury to make payments to student athletes.
- According to UT, the total athletic revenue generated from ticket sales, merchandise, and broadcast licensing in FY10-11 was \$53,940,245.
- A total of one percent or \$539,402 (1% of \$53,940,245) will be remitted to the Treasury to make payments to student athletes.
- Athletic revenue is expected to remain fairly consistent in future fiscal years.
- The number of students who will be eligible for the payment in FY12-13 is unknown; therefore, the amount of any increase in state expenditures in FY12-13 to make payments is not quantifiable.
- The total amount that may be paid out to student athletes will be \$724,863 (\$539,402 + \$185,461).

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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